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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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Quarterly Report Under Section 13 or 15 (d)
of the Securities Exchange Act of 1934

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For Quarter Ended March 31, 1992
Commission File No. 04804

TENNANT COMPANY

Incorporated in Minnesota IRS Emp Id No. 410572550

701 North Lilac Drive
P.O. Box 1452
Minneapolis, Minnesota 55440
Telephone No. 612-540-1200

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No ___

4,913,364 shares outstanding at March 31, 1992

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TENNANT COMPANY
Quarterly Report - Form 10-Q

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

TENNANT COMPANY AND SUBSIDIARIES - CONSOLIDATED STATEMENTS (Unaudited)
(Dollars in thousands)

EARNINGS (note 1)	Three Months Ended March 31 1992	1991
Net sales	$48,803	$46,503
Less:		
Cost of sales (note 2)	27,140	26,086
Selling and administrative (note 2)	18,534	17,539
Profit from operations	3,129	2,878
Other income and (expense)		
Net foreign currency loss	(66)	(121)
Interest income	912	908
Interest expense	(79)	(190)
Miscellaneous income (expense), net	(185)	(496)
Total other income (expense)	582	101
Profit before income taxes	3,711	2,979
Taxes on income	1,260	1,124
Net earnings	$ 2,451	$ 1,855
PER SHARE		
Net earnings per share	$.50	$.37
Dividends per share	$.30	$.30
Average number of shares	4,916,000	4,980,000

Item 1 - Financial Statements (continued)

TENNANT COMPANY AND SUBSIDIARIES - CONSOLIDATED STATEMENTS (UNAUDITED)
(Dollars in thousands)

STATEMENTS OF CASH FLOWS (note 4)	Three Months Ended March 31 1992	1991
Net cash flow related to operating activities	$ 3,960	$ 729
Cash flow related to investing activities:		
Acquisition of property, plant, and equipment	(3,110)	(2,580)
Proceeds from disposals of property, plant, and equipment	774	981
Settlement of foreign currency hedging contracts	(71)	(224)
Net cash flow related to investing activities	(2,407)	(1,823)
Cash flow related to financing activities:		
Net changes in current debt	131	1,488
Issuance of long-term debt	-	46
Payments to settle long-term debt	(49)	(94)
Principal payment from ESOP	337	142
Proceeds from employee stock issues	746	630
Repurchase of common stock	(170)	(38)
Dividends paid	(1,466)	(1,483)
Net cash flow related to financing activities	(471)	691
Effect of exchange rate changes on cash	23	30
Net increase (decrease) in cash and cash equivalents	1,105	(373)
Cash and cash equivalents at beginning of year	2,349	1,412
Cash and cash equivalents at end of first quarter	$ 3,454	$ 1,039

TENNANT COMPANY
Quarterly Report - Form 10-Q

Item 1 - Financial Statements (continued)

TENNANT COMPANY AND SUBSIDIARIES - CONSOLIDATED STATEMENTS
(Dollars in thousands)

BALANCE SHEET

	(Unaudited) March 31 1992	(Condensed from Audited Financial Statements) December 31 1991
ASSETS		
Cash and cash equivalents	$ 3,454	$ 2,349
Receivables	36,674	39,462
Less deferred income from sales finance charges	(1,216)	(1,246)
Less allowance for doubtful accounts	(1,412)	(1,270)
Net receivables	34,046	36,946
Inventories (note 3)	24,667	22,533
Prepaid expenses	582	921
Deferred income taxes, current portion	3,027	3,279
Total current assets	65,776	66,028
Property, plant, and equipment	97,043	94,131
Less allowance for depreciation	(55,540)	(53,401)
Net property, plant, and equipment	41,503	40,730
Net noncurrent installment accounts receivable	4,277	4,376
Other assets	1,706	510
Total assets	$113,262	$111,644

LIABILITIES & SHAREHOLDERS' EQUITY

	(Unaudited) March 31 1992	(Condensed from Audited Financial Statements) December 31 1991
LIABILITIES		
Current debt	$ 335	$ 197
Accounts payable	9,897	9,773
Accrued expenses	20,247	22,894
Total current liabilities	30,479	32,864
Long-term debt	1,804	1,853
Deferred income taxes, long-term portion	314	314
Total liabilities	32,597	35,031
SHAREHOLDERS' EQUITY		
Common stock	1,842	1,825
Additional paid-in capital	1,772	-
Equity adjustment from foreign currency translation	5,141	3,000
Common stock subscribed	-	1,194
Unearned restricted shares	(243)	(111)
Retained earnings	88,221	87,236
Receivable from ESOP	(16,068)	(16,531)
Total shareholders' equity	80,665	76,613
Total liabilities and shareholders' equity	$113,262	$111,644

TENNANT COMPANY
Quarterly Report - Form 10-Q

Item 1 - Financial Statements (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) The Company's Summary of Significant Accounting Policies and other Related Data and Summary of Stock Plans, Bonuses, and Profit Sharing is included in the Company's 1991 Annual Report filed as Exhibit (a) to the Company's annual filing on Form 10-K and is incorporated in this Form 10-Q by reference.

(2) Expenses

Engineering, research and development, and bad debt expenses were charged to operations for the three months ended March 31, 1992 and 1991, as follows:

	1992	1991
	(In Thousands)	
Engineering, research and development	$2,615	$2,316
Bad debts	$ 232	$ 141

The Company also makes accrual adjustments on a regular monthly basis for bonus and profit sharing expenses which are settled at year-end. This allows for a fair statement of the results for the interim periods presented.

(3) Inventories

Inventories are valued at the lower of cost (principally on a last-in, first-out basis) or market. The composition of inventories at March 31, 1992, and December 31, 1991, is as follows:

	March 31 1992	December 31 1991
	(In Thousands)	
FIFO Inventories:		
Finished Goods	$ 21,801	$ 21,092
All Other	18,964	17,673
LIFO Adjustment	(16,098)	(16,232)
LIFO Inventories	$ 24,667	$ 22,533

The category "All Other" includes production-related raw materials, parts and supplies, and work-in-process. The Company's accounting system does not permit a further breakdown of this category of inventories.

(4) Cash Flow

Income taxes paid during the three months ended March 31, 1992 and 1991, were $2,610,000 and $39,000, respectively. Interest costs paid during the three months ended March 31, 1992 and 1991, were $79,000 and $190,000, respectively.

TENNANT COMPANY
Quarterly Report - Form 10-Q

Item 1 - Financial Statements (continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Item 2

Management's discussion and analysis of financial condition and results of operation is included in Exhibit (a), attached, Report to Shareholders for the three months ended March 31, 1992, and is incorporated in this Form 10-Q by reference.

PART II - OTHER INFORMATION

Item 4 - Submission of Matters to a Vote of Security Holders

At the Annual Meeting of Shareholders held on May 7, 1992, the following matters were submitted to a vote:

(a) Election of Directors

The following Directors were elected, each receiving a majority of all votes cast and a majority of the votes of all shares issued and outstanding and entitled to vote at the meeting:

Andrew P. Czaijkowski
William A. Hodder
Janice Stoney

The following Directors each continued their term of office after the meeting:

Roger L. Hale
Vernon H. Heath
David C. Cox
Arthur R. Schulze, Jr.

(b) Adoption of Stock Incentive Plan

Adoption of the Tennant Company 1992 Stock Incentive Plan (the "Plan") was approved. Out of the 4,406,227 common shares represented, 3,951,454 voted in favor, 398,218 voted against, and 56,555 abstained.

A description of the Plan is included in the Proxy filed as Exhibit (e) to the Company's 1991 Form 10-K filing and is incorporated in this Form 10-Q by reference.

(c) Amendment to Restated Articles of Incorporation

An amendment to Article III of the Company's Restated Articles of Incorporation was approved. This amendment increased the number of shares of Common Stock which the Company is authorized to issue from 10 million to 15 million. Out of the 4,506,123 common shares represented, 4,092,148 voted in favor, 334,597 voted against, and 79,378 abstained.

Article III of the Company's Restated Articles of Incorporation is included in the Proxy filed as Exhibit (e) to the Company's 1991 Form 10-K filing and is incorporated in this Form 10-Q by reference.

Item 6(b)

A Form 8-K dated February 28, 1992, was filed reporting a change in certifying accountants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TENNANT COMPANY

Date: 5-7-92

Richard A. Snyder
Vice President, Treasurer and
Chief Financial Officer

Date: May 7, 1992

Richard M. Adams
Corporate Controller and
Principal Accounting Officer

TENNANT COMPANY

REPORT TO SHAREHOLDERS

FOR THE THREE MONTHS ENDED MARCH 31, 1992

To Our Shareholders:

Net earnings for the first quarter were $2.5 million, or 50 cents per share, an increase of 32 percent from last year's $1.9 million, or 37 cents. Net sales of $48.8 million were up 5 percent from the $46.5 million reported for 1991's first quarter. Both sales and earnings established record highs for the first quarter, excluding the effects of an accounting change reported in 1990.

After experiencing a disappointing finish to last year due to weakening economic conditions, we are pleased by the turnaround that appears to be taking hold this year. Sales in North America were up 4 percent on improving economic conditions in industrial markets. Commercial product sales declined somewhat from a strong first quarter last year. Overseas sales increased 8 percent in U.S. dollars (up 11 percent in local currencies) on improvement in European markets. A stronger U.S. dollar for the period decreased total Company sales by $600,000.

Profit from operations increased 9 percent on higher sales and improved profitability in the contract floor coatings business. During the first half of 1991, we incurred expenses related to operational changes in our contracting business. With these changes behind us, we were able to show an improvement in profitability, which contributed to the Company's overall increase in earnings.

The way the year is unfolding leads us to believe TENNANT can show consistent increases in quarterly sales and earnings. However, two cautionary notes are in order:

- Economic conditions in Germany and Japan have weakened in recent months. These are important markets for TENNANT that can have a significant influence on overall results.

- Circumstances unique to the early part of 1991 contributed to the strong percentage increase in 1992's first quarter net earnings. These included a relatively high effective tax rate, low other income, and a concentration of expense related to the contract floor coatings restructuring. Each of these factors, which combined to produce a weak earnings result for first quarter 1991, showed improvement later in the year.

For the longer term, we remain committed to our financial goals as we start a new economic cycle: 5 percent annual growth in real sales and 20 percent return on equity. We are better positioned to achieve these goals at the start of this cycle with a 16 percent return on equity in 1991 versus 9 percent in 1982, and broad-based growth strategies for industrial and commercial floor maintenance products directed at the world market.

Roger L. Hale

Roger L. Hale
Chief Executive Officer

TENNANT COMPANY AND SUBSIDIARIES CONSOLIDATED STATEMENTS *(Unaudited)*

(Dollars in thousands)

EARNINGS	Three Months Ended March 31 1992	1991	% Change
Net sales	$ 48,803	$ 46,503	5
Less:			
Cost of sales	27,140	26,068	4
Selling and administrative	18,534	17,539	6
Profit from operations	3,129	2,878	9
Other (income)	(582)	(101)	476
Profit before income taxes	3,711	2,979	25
Less: Taxes on earnings	1,260	1,124	12
Net earnings	$ 2,451	$ 1,855	32
Percent of net sales	5.0	4.0	
PER SHARE			
Net earnings	$ .50	$ .37	
Dividends paid	$ .30	$ .30	
Average number of shares	4,918,500	4,980,000	

BALANCE SHEET	1992 March 31	1992 January 1	1991 March 31	1991 January 1
Assets				
Cash and cash equivalents	$ 3,454	$ 2,349	$ 1,039	$ 1,412
Net receivables	34,048	36,946	36,684	39,139
Inventories	24,667	22,533	25,841	24,440
Prepaids	582	921	617	660
Deferred income taxes, current	3,027	3,279	814	1,414
Total current assets	65,778	66,028	64,995	67,065
Net noncurrent installment accounts	4,277	4,376	4,299	4,381
Net property, plant, and equipment	41,503	40,730	42,619	42,588
Other assets	1,706	510	626	556
	113,262	111,644	112,539	114,590
Liabilities and Shareholders' Equity				
Current debt	335	197	8,478	6,986
Accounts payable	9,897	9,773	8,460	10,820
Accrued expenses	20,247	22,894	17,056	20,936
Total current liabilities	30,479	32,864	33,994	38,742
Long-term debt	1,804	1,853	1,949	1,965
Deferred income taxes, long-term portion	314	314	767	699
Shareholders' equity	80,665	76,613	75,829	73,164
	$ 113,262	$ 111,644	$ 112,539	$ 114,590

CONDENSED STATEMENTS OF CASH FLOWS	Three Months Ended March 31 1992	1991
Net cash flow related to operating activities	$ 3,960	$ 729
Net cash flow related to investing activities	(2,407)	(1,823)
Net cash flow related to financing activities	(471)	691
Effect of exchange rate changes on cash and cash equivalents	23	30
Net increase (decrease) in cash and cash equivalents	1,105	(373)
Cash and cash equivalents at beginning of year	2,349	1,412
Cash and cash equivalents at end of first quarter	$ 3,454	$ 1,039

TENNANT continues to expand product offerings for a growing international marketplace with the introduction of the new, compact Model 110 Sweeper. The lightweight, easy-to-use machine does the work of four people with brooms. It can be used in a variety of areas, inside or out.